

Message Text

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PAGE 01 STATE 064767

71 L

ORIGIN COME-00

INFO OCT-01 EA-11 ISO-00 EB-11 STR-08 SS-20 NSC-07 L-03

IO-14 OMB-01 TRSE-00 CIEP-02 PRS-01 H-03 TAR-02 AGR-20

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DRAFTED BY COM/OTP/DND:RMKLEIN

APPROVED BY EB/OCA/REP:LHPOMEROY

EA/PHL:RTWILLNER (DRAFT)

STR:JDGREENWALD (DRAFT)

EB/OT/GCP:DJDUNFORF GKDRAFT)

COM/OTP/LTP:WBPOUNDS WKDRAFT)

COM/OTP/TNA:DBROHR (DRAFT)

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R 011901Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

UNCLAS STATE 064767

E.O. 11652: N/A

TAGS: ETRD, RP

SUBJECT: U. S.-PHILIPPINE ECONOMIC NEGOTIATIONS

REF: (A) MANILA 2922; (B) STATE 047139

1. RE PARA 2 REF A, WE REGRET CONFUSION CREATED BY PARA 6
REF B AND ARE MOST WILLING TO TRY AGAIN.

2. WHAT FOLLOWS IS INTENDED TO PROVIDE AN UNCLASSIFIED,
FACTUAL DESCRIPTION OF THE MANNER IN WHICH U.S. TARIFF
ADJUSTMENTS ARE MADE. FOR THIS REASON, THIS MESSAGE DOES
NOT INCLUDE ANY POLICY QUESTIONS WHICH THE PHILIPPINE
SITUATION MIGHT RAISE.

3. WITH RESPECT TO AUTHORITY OF THE PRESIDENT, AS SUCH,
TO UNILATERALLY MAKE ITEM ADJUSTMENTS IN TARIFF RATES, ASIDE
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PAGE 02 STATE 064767

FROM RETLIATORY AUTHORITY LAST USED IN QTE CHICKEN WAR UNQTE

OF EARLY 1960'S, THERE IS ONLY ONE RPT ONE PROCEDURE CURRENTLY AVAILABLE, AND THAT RELATES SOLELY TO UPWARD ADJUSTMENTS. THIS IS THE ESCAPE CLAUSE EMBODIED IN SEC. 301 OF THE TRADE EXPANSION ACT OF 1962. UNDER THIS SECTION, AFTER THE TARIFF COMMISSION HAS MADE AN AFFIRMATIVE DETERMINATION THAT, AS A RESULT IN MAJOR PART OF CONCESSIONS GRANTED UNDER TRADE AGREEMENTS, AN ARTICLE IS BEING IMPORTED INTO THE UNITED STATES IN SUCH INCREASED QUANTITIES AS TO CAUSE, OR THREATEN TO CAUSE, SERIOUS INJURY TO A DOMESTIC INDUSTRY, THE PRESIDENT MAY PROVIDE SUCH INCREASE IN, OR IMPOSITION OF, ANY DUTY (AS WELL AS OTHER IMPORT RESTRICTIONS) ON THE ARTICLE CAUSING OR THREATENING SERIOUS INJURY AS HE MAY DETERMINE TO BE NECESSARY TO PREVENT OR REMEDY INJURY TO THE INDUSTRY.

4. WITH RESPECT TO THE AUTHORITY OF THE PRESIDENT TO NEGOTIATE TARIFF ADJUSTMENTS, EITHER BILATERALLY OR WITHIN MULTILATERAL CONTEXT, SUCH AUTHORITY (UNDER THE TRADE EXPANSION ACT OF 1962) EXPIRED JUNE 30, 1967. AS PRACTICAL MATTER, UNDER GATT KENNEDY ROUND OF TRADE NEGOTIATIONS, U.S.--AS DID OTHER GATT CONTRACTING PARTIES (CP'S)--NEGOTIATED TARIFF CHANGES WITH OTHER CP'S ON BILATERAL BASIS. THESE CHANGES WERE, HOWEVER, NEGOTIATED IN MULTILATERAL FORUM PROVIDED BY GENEVA VENUE AND IN ACCORDANCE WITH MULTILATERAL AGREEMENT FINALLY WORKED OUT AS TO BALANCING OF RECIPROCITY AND SCHEDULE OF IMPLEMENTATION OF TARIFF REDUCTIONS. CONCESSIONS WERE, OF COURSE, ON MOST-FAVORED-NATION (MFN) BASIS.

5. ALTHOUGH DIFFERING IN SPECIFIC DETAILS, BASIC TARIFF RPT TARIFF NEGOTIATING AUTHORITY OF PROPOSED TRADE REFORM ACT (TRA) SIMILAR TO 1962 LEGISLATION. BILATERAL TARIFF NEGOTIATIONS OUTSIDE OF FRAMEWORK OF MULTILATERAL TRADE NEGOTIATIONS (MTN) THEORETICALLY POSSIBLE, BUT ADMINISTRATION'S PRESENT PLANS ARE TO RELY ON MTN TO DEAL WITH TARIFF CONCESSION REQUESTS FROM PARTICULAR COUNTRIES.

6. IRRESPECTIVE OF AUTHORITY SUCH AS EMBODIED IN TRA, SPECIFIC LEGISLATION CAN ALWAYS BE INTRODUCED TO PROVIDE FOR CHANGES IN INDIVIDUAL U.S. TARIFF RATES ON MFN BASIS. SUCH LEGISLATIVE PROPOSALS USUALLY REFLECT CONGRESSIONAL RESPONSIVENESS TO PRIVATE U.S. INTERESTS AND DO NOT NORMALLY ARISE FROM UNCLASSIFIED

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PAGE 03 STATE 064767

AN ADMINISTRATION INITIATIVE. DURING THE 1973 SESSION OF CONGRESS, OVER 100 MINOR FOREIGN TRADE AND TARIFF BILLS (NOT INCLUDING DUPLICATES) WERE INTRODUCED, BUT ONLY FIVE WERE PASSED AND SIGNED INTO LAW. TARIFF BILLS INTRODUCED AS SPECIAL LEGISLATION REPRESENT UNILATERAL, NON-RECIPROCAL CHANGES IN U.S. TARIFF RATES (BOTH REDUCTIONS AND INCREASES, BUT LARGELY THE FORMER). ALL OF THE FIVE BILLS PASSED LAST YEAR INVOLVED THE CONTINUATION OF DUTY SUSPENSIONS. SUCH

CHANGES ARE SEPARATE AND DISTINCT FROM ANY TARIFF ADJUSTMENTS
RESULTING FROM THE EXERCISE OF THE PRESIDENT'S NEGOTIATING
AUTHORITY WHICH, AS NOTED EARLIER, EXPIRED NEARLY SEVEN
YEARS AGO. RUSH

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NNN

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